

# UNEP FINANCE INITIATIVE TOOLS FOR IMPACT MANAGEMENT

**Banking & Investment Portfolios, Corporates, Real Estate** 

7<sup>th</sup> July 2022

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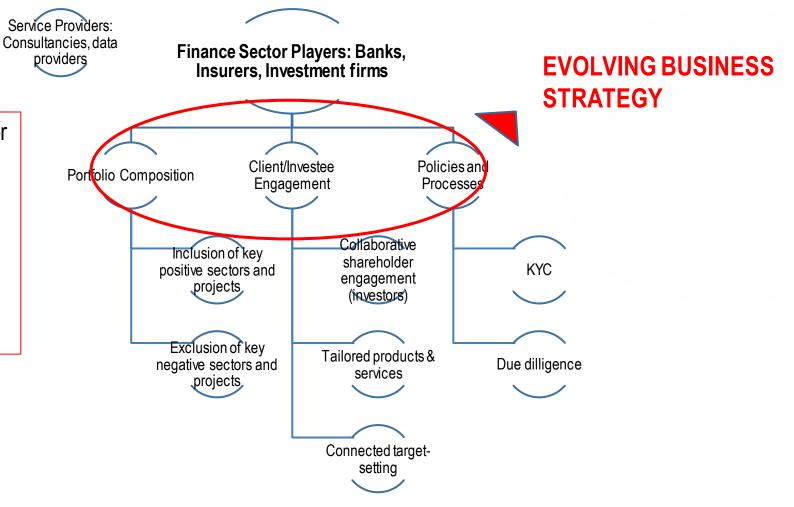
### **Background & Context**

The many dimensions of promoting private SDG finance...

**Framework:** Principles for Responsible Banking

**Methodology:** Holistic Impact

- Impact Radar
- Sector/Impact Map
- Tools



### Principles for Responsible Banking

#### **Key Requirements and Steps for Compliance**



Analyzing your bank's Impact on Planet & People

4 requirements: scope, context, exposure, intensity



Setting & Implementing Targets

At least 2 SMART targets



Accountability & Measuring Progress

Using PRB template and aligned with the Annual Report



We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

### **UNEP FI Holistic Impact Approach**

#### 1. Identification

Identification of impact areas associated with the object of analysis, as well as impact needs in the location/s the object of analysis finds itself in or interacts with.

#### 2. Assessment

Assessment of current practice and performance vis-avis most significant impact areas

Definition of strategies, establishment of action plans and setting of targets

### Putting concepts and requirements into practice

#### Impact Areas/Topics (Radar)

✓ Consider impacts across the three pillars of sustainable development

#### **Mappings**

- Consider positive and negative associations by sector
- ✓ Consider relevant indicators

#### **Tools**

- ✓ Overlay the impact areas/topics and the mappings with portfolio data
- ✓ Visualize impact associations, determine most significant impact areas,
- ✓ Compile and assess data on current practice and performance









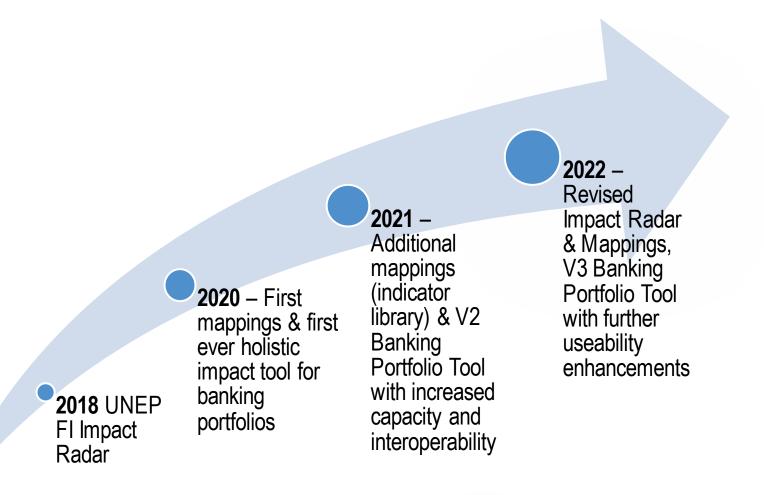




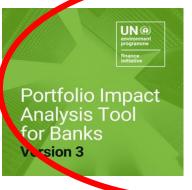


### A journey of on-going co-construction

- UNEP FI Portfolio Impact AnalysisWorking Group
- On-going feedback from the broader user community
- Insights from UNEP FI's consensusbuilding efforts with peer organizations
- Exchanges with thematic experts



### **Impact Tools**



#### Portfolio Impact Analysis Tool

- Scope: business lines (Consumer, Business, Corporate and Investment Banking)
- Impact drivers: Sectors, types of clients, location



### **Investment Portfolio Impact Analysis Tool**

- Scope: asset management activities (main asset classes: fixed income, equity, real estate, infrastructure and currencies)
- Impact drivers: Asset classes, asset types, investment strategy, location

Real Estate
Impact
Analysis Tool

#### **Real Estate Impact Analysis Tool**

- Scope: RE investments (single assets & portfolios/funds)
- Impact drivers: Asset type, area type, status and location



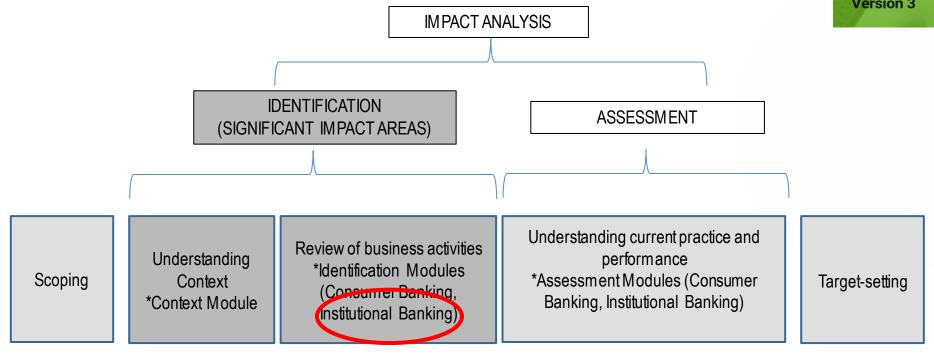
#### **Corporate Impact Analysis tool**

- Bottom-up approach> clients' impact status and possibilities
- Impact drivers: company typology, geography and sectors



### **Portfolio Impact Analysis Tool for Banks**







#### **Portfolio Impact Analysis Tool**

- Scope: business lines (Consumer, Business, Corporate and Investment Banking)
- Impact drivers: Sectors, types of clients, location



### Investment Portfolio Impact Analysis Tool

- Scope: as set management activities (main asset classes: fixed income, equity, real estate, infrastructure and currencies)
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#### **Real Estate Impact Analysis Tool**

- Scope: RE investments (single assets & portfolios/funds)
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#### Corporate Impact Analysis tool

bottom-up approach> clients' impact status and possibilities Impact drivers: company typology, geography and sectors



### **Investment Portoflio Impact Analysis Tool**



#### Start •

#### Phase 1 - Scoping

- i Activity types
- Volumes
- Market Position

#### ii Asset types

- Volume
- Market Position
- Involvement in LDCs/low-income countries
- Involvement with Key Asset Types

#### Phase 2 - Impact Identification

#### 2.1 Cartography

- i. Step one: asset classes
- Volumes
- Involvement in LDCs/low-income countries
- Intentionality
- ii Step two: asset types
- Volumes
- Involvement in LDCs/low-income countries
- Geolocation

#### 2.2a Context - Country Level Needs

- Baseline Resources for Coun- try Needs Assessment
- Additional / Further Resources for Country Needs Assessment

#### 2.2b Context - Global Level Needs

- Baseline Resources for Country Needs Assessment
- Approaches to determining global needs
- Further resources

#### 2.3 Profiles

- i. Level one: asset classes
  - Impact Associations
- ii. Level two: asset type
  - Impact Associations
  - Rankings
  - Review & Interpretation
  - Determination of Significant Impact Areas

- Organised by degree ofl leverage (discretionary, advisory, etc.)
- Organised by asset classes and types (additional mappings accordingly)

#### Phase 3 - Impact Assessment

#### 3.1 Performance review

By Significant Impact Area:

- i. Summary of Impact Drivers
- ii. Performance Indicators
- iii. Performance Values
- iv. Performance Assessment

#### 3.2 Dashboard

By Significant Impact Area:

- i. Selected impact areas/topics
- Selected indicators, targets and timeframes
- iii. Action points

### Real Estate Impact Analysis Tool

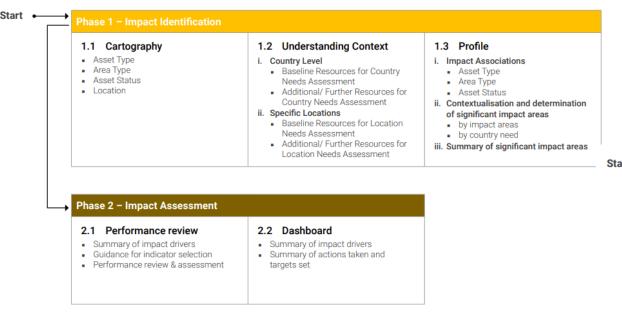


Figure 2: Single Asset Analysis Workflow

- Organised by types of real estate (additional mapping)
- More granular focus on location



1.3 Profiles

Areas

ii. Fund/portfolio view

i. Cross-fund/portfolios view

Impact Associations

Impact Associations

Ranking of impact areasReview & Interpretation

Overview of Country and Location

Summary of Significant Impact

Overview of Country and Location

Determination of Significant Impact

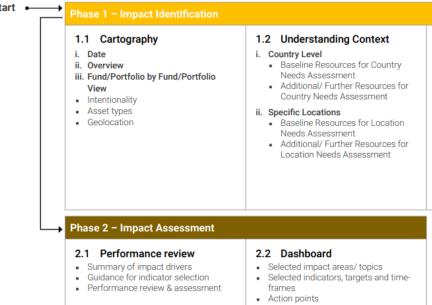


Figure 3: Portfolio/ Fund Analysis Workflow

### **Corporate Impact Analysis Tool**



#### I. IDENTIFICATION

#### A. Company Cartography

What is the type and size of the company?

What does the company do (business sector)?

Where does it operate (sourcing, production, sales)?

#### **B. Country Impact Needs**

What are the impact needs of the countries the company is active in?

#### Outputs

Summary Corporate Impact Profile

Sector by Sector Corporate Impact Profiles

#### C. Most signifcant Impact Areas

Based on the profiles, user's determination of the company's most significant impact areas.

#### II. ASSESSMENT

D. Impact Performance

What is the company's impact performance vis a vis its most significant impact areas?

#### E. Impact Management Capabilities

How is the company organised to tackle positive and negative impacts?

#### F. Conclusions

PI Status

Next steps

Monitorng

#### .

#### III. MONITORING

How is the company progressing relative to its set targets?

Has anything changed in terms of the company's cartography and/or impact management capabilities?

- Consideration of countries of sales, operation and supply
- Experimenting with two-way implementation: by FIs and directly by corporates

### Where to get the Tools?

### Please visit www.unepfi.org/impact-tools to access:

- The Tool / Modules
- User Guides (incl. videos) per Module
  Demo versions of the Modules
  - - Launch recordings / videos

### How to engage with us?

#### We welcome your feedback!

- ✓ Tool useability
- ✓ Sector-impact map: impact associations, key sectors
- ✓ Interlinkages
- ✓ Needs and priorities database

careen.abb@un.org costanza.ghera@un.org

#### Look out for the next releases:

- ✓ Banking Assessment Modules
- ✓ Revised Indicator Library
- ✓ Impact Protocol

UNEP FI Global Roundtable 10-14 October 2022 Register now: www.unepfi.org

## Open Q&A